

TERM SHEET – GROUND LEASE

Ground Lease Terms:

- Location: 234 Penny Lane, Burlington, VT (see proposed Site Plan – Exhibit ____).
- Landlord: City of Burlington
- Tenant: Burlington Harbor Marina, LLC
- Commencement date: Upon satisfaction of Lease Preconditions described in Development Agreement.
- Construction Term: 2 Years after Commencement Date or until commencement of operation of Marina, whichever is earlier, but in no event later than May 1, 2019 to be extended if the Permit Contingency Period is extended in accordance with the Development Agreement (“Construction Term”).
- Operating Term:
40 years following termination of the Construction Term (“Operation Term”).

Tenant Improvements: All Tenant improvements to the real property subject to the Lease, shall be the property of the Tenant through the term of the Lease. Upon expiration of the Operating Term, the ownership of all improvements to the leased real property, including the wave attenuator with all appurtenances, improvements made with TIF funds, and floating docks and appurtenances, including but not limited to, dock boxes and pedestals, shall revert to the Landlord and all remaining personal property, including the floating barge and building, equipment, furniture, and inventory, shall remain the property of the Tenant.

- Annual Construction Term Rent: 0\$ for first 12 months. Then \$12,000 payable in prorata monthly amounts for second 12 months or until conclusion of Construction Term.
- Annual Rent – First Year of Operating Term:
\$27,500 Base Rent plus Additional Rent of 5% of total Marina revenue amount that exceeds \$565,000. Base rent is payable in 4 equal installments paid quarterly in advance. Additional Rent is due in arrears the following (2nd) year with the June 1 payment. In the event the commencement of operation of the Marina occurs after July 15th resulting in a partial season the Base Rent will be adjusted pro rata with the remaining quarterly payments due. The First year of operation would then conclude on December 31st of that year.
- Annual Rent after First Year of Operating Term:
\$55,000 Base Rent plus Additional Rent of 5% of total Marina revenue amount that exceeds \$1,130,000. \$55,000 Base rent shall be adjusted annually to reflect

the change in CPI-U from one lease year to the next and shall be payable in 2 equal installments paid in advance on January 1 and June 1. Additional Rent is due in arrears for the previous year and is due with the June 1 payment.

- Property Taxes: All property taxes, business personal property taxes and pro-rata share of the Water Department's PILOT relative to the area of the Marina Lot as a percentage of the Water Department parcel it is a part of shall be paid by Tenant. Specific details to be included in the Development Agreement and/or the Lease.
- Right of First Refusal: Landlord shall have right of first refusal on any sale of the tenant improvements to the real property (as defined in the development agreement) during the term of the lease. During the term of the Ground Lease, Tenant shall have a right of first refusal on the sale of the land subject to the Ground Lease.
- Assignment and Subletting: As permitted in the Development Agreement and as otherwise agreed to in writing by the parties.
- Both Landlord and Tenant shall cooperate in providing information to the public concerning their respective Marinas on their websites, particularly to avoid confusion as to location and other details.

Parking Agreement:

- Parking in Ground Lease Parcel (Marina Lot): The ground lease shall provide that BHM shall have the sole right to use the parking on the Parcel, subject to permit and ADA requirements. Such ground lease and permitting is expected to allow for vehicles to be permitted for up to 15 minutes in temporary loading/unloading area(s) in the Drop Off Lot and parking for 4 employees in the South Lot.
- Parking Agreement: In addition to parking provided under the terms of the ground lease, the parties will enter into a parking agreement detailing the shared use of the East Lot for in season Marina customer parking. Tenant will not be charged for the 23 spaces of designated exclusive seasonal use parking but will be liable for its pro rata share of in season maintenance based on that number of spaces and number of days of permitted use. The 19 spaces for weekend and holiday use will be charged based on a formula of the existing Parks and Recreation day rate times the number of applicable number of weekend days and holidays.